

Moving Forward on Health

A Difficult Terrain

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BCBS Plan

Executives

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What Does Election Imply?

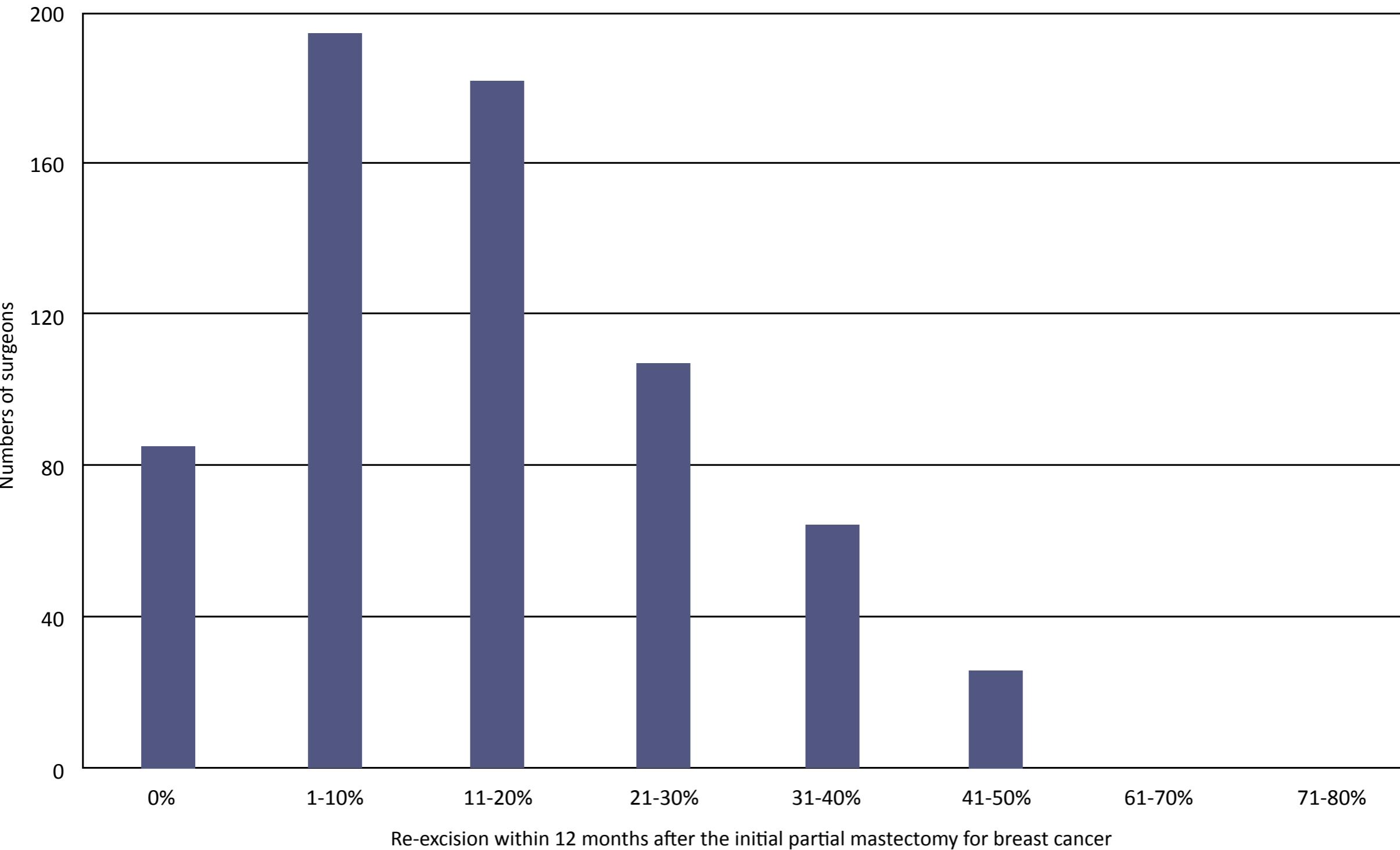
- Amazing victory – 40 seats flipped/Orange County blue
- Republicans are not attributing loss to repeal and replace or tax scam yet
- Should be able to work with administration to lower prescription drug prices
- Lame duck priorities

Prescription Drug Pricing

- Administration cannot achieve objective without legislation
- Three buckets
 1. Low hanging fruit
 2. Drug negotiation
 3. Part D
- Other proposals to slow cost growth
- Surprise billing

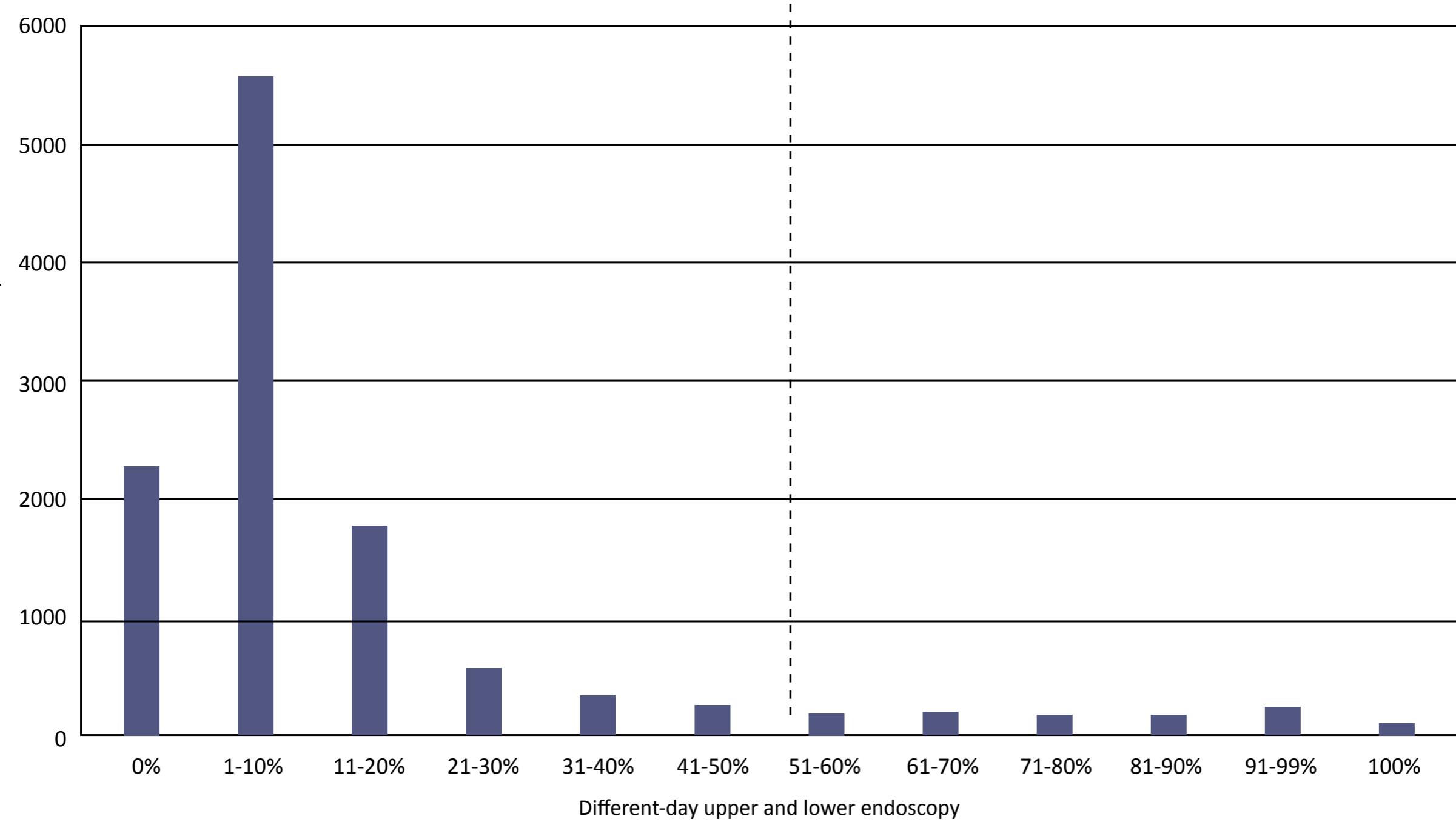
Breast Re-operation (re-excision) Rate

Clinical consensus is that re-excision rates should never exceed 30%



Different-day Elective Upper and Lower Endoscopy Rate

How often a doctor parses these procedures into two separate days. The vast majority should be done simultaneously.



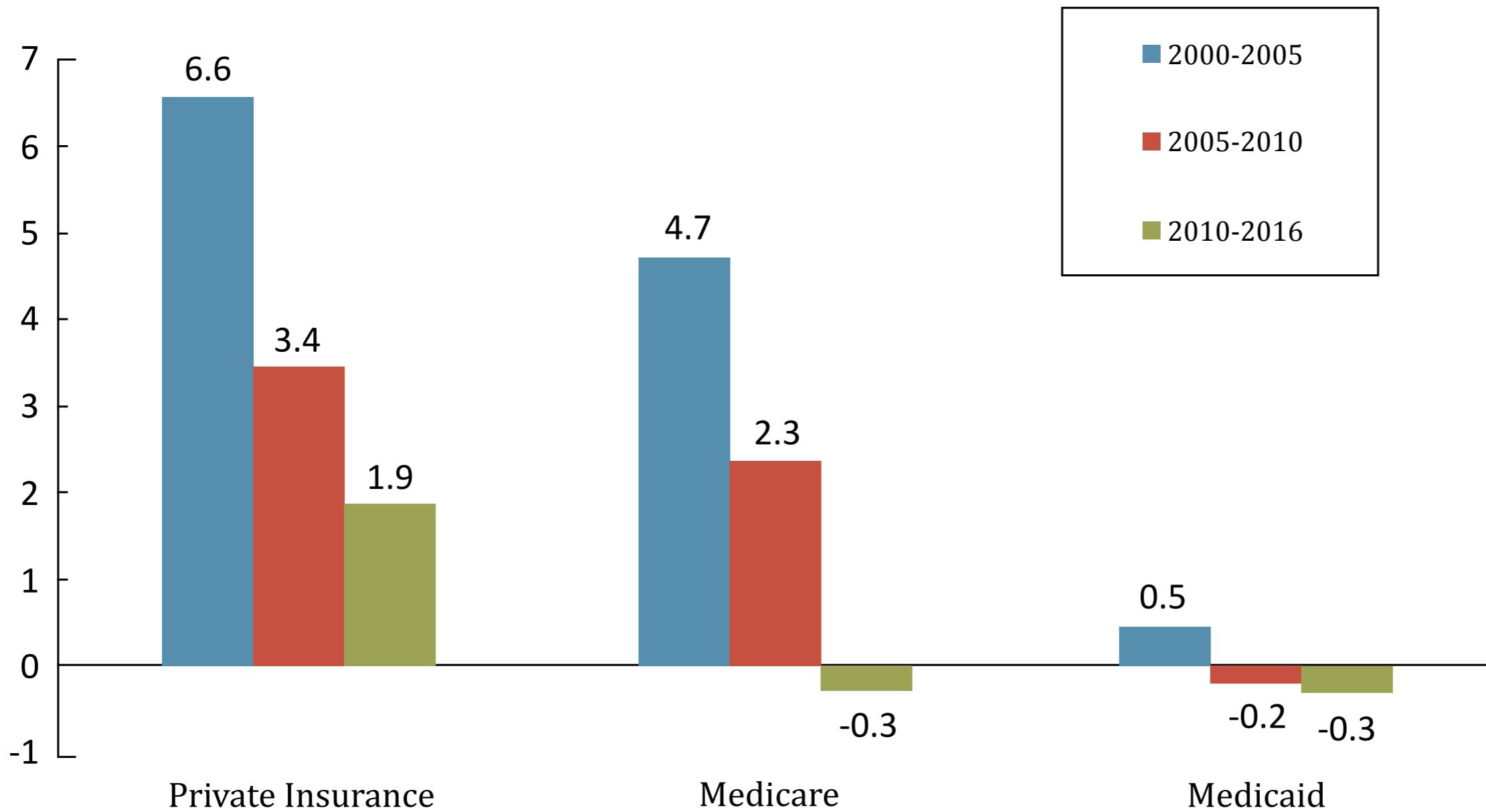
Universal Coverage

- Agreement in Democratic caucus on the importance of universal coverage
- Improving ACA is the most cost-effective path to universal coverage
 - ACA has slowed growth, improved quality
 - Rankers introduced H.R. 5155, Undo Sabotage and Expand
 - Affordability of Health Insurance Act of 2018
- Single payer
 - Cost
 - Creates winners and losers
 - Stakeholders are against
 - Monies are needed for other priorities
 - Implementation challenges

Slow Spending Growth

Real Per Enrollee Spending Growth, by Payer, 2000-2016

Average annual percent growth



Source: National Health Expenditure Accounts: National Income and Product Accounts.

Note: Inflation adjustments use the GDP deflator. Medicare growth rate for 2005-2010 excludes 2006 to avoid distortions from the creation of Medicare Part D.

GOP Sabotage of ACA + Medicaid

- Early signs of significant ACA enrollment declines
 - Individual mandate repeal
 - Cuts to outreach/marketing/enrollment help
 - Stopped cost-sharing reduction payments
 - Short-term/limited duration plans
 - Association health plans
 - Shortened open enrollment
 - 1332 Waivers
- Abortion politics derailed ACA legislation
- Medicaid
 - Work requirements
 - KY, AR, IN, NH
 - AZ, KS, ME, UT, and WI have applied
 - “Public charge”

The Remarkable ACA Story in Arkansas

Bipartisan Success Followed by Partisan Failure

- Before the ACA
 - Consistently ranked low on national health indicators
 - Many areas were medically unserved
 - Premiums had doubled in the ten years leading up to ACA
- First state in Deep South to expand Medicaid
 - Expansion of Medicaid through Private Insurance
 - Reimbursement rates grew
 - All Payer Claims Database
- Bipartisan Success
 - Uninsured rate fell from 16% in 2013 to 7.9% in 2017
 - No rural hospital closures
 - Some providers rewarded for low-cost high quality care

The Remarkable ACA Story in Arkansas

Bipartisan Success Followed by Partisan Failure

- Partisan Failure
 - Republican Administration elected in 2016 (Little Rock & D.C.)
 - Medicaid rolls fell by 60,000 before work requirements took effect
 - Providers dissatisfied
 - Additional requirement of 20-hour work week for all non-disabled adults and eliminated retroactive eligibility
 - 62,012 subject to work requirement
 - 43,655 already met work requirement or were exempt
 - 4,574 people did not meet the requirement in the first month
 - Many more will not make it in subsequent months
 - Poorly implemented

States Can Act to Protect Market

- Restore individual mandate
- Improve affordability
 - Obtain 1332 waiver for reinsurance
 - Reduce deductibles and/or premiums
 - Third party payment
- Limit substandard plans
 - Require that plans provide adequate consumer protections→ prevents market segmentation and adverse selection
- Safeguard health benefits
 - Maintain EHBS, protect contraceptive services coverage
- Get people covered
 - Deploy enrollment best practices

Not Preparing for Boomer Retirement

- Elderly double – 50% increase in percentage
- Tax scam sets us backward
 - Explodes Debt by \$4T to \$5T if extended in second decade
 - Tax cuts focused on higher income Americans
- Implications for state budgets – Medicaid
- CBO says demographics explain 2.4 percentage points of the increase in expected spending between 2018 (20.6%) and 2028 (23.6%)
- We need to keep our policy promises

Improving Medicare and Medicaid

- Medicare has many difficulties
 - No out-of-pocket limit – 90% of elderly have supplemental coverage
 - No cost controls – does set prices
 - No essential health benefits

1. Out-of-pocket limit
2. Vision, dental and hearing benefit improvements
3. Insuring COLA increases in Social Security are not consumed by Medicare premium increases
4. Improving benefits for frail and low-income elderly
5. Transferring some Medicaid long-term care costs to Medicare
6. Slowing healthcare cost growth
7. Need to build case for revenues to make Medicare and Social Security solvent and finance long-term care
8. Improved Part D program, cost sharing off of net price

Opioid Epidemic Remains Top Priority

- 72,000 drug-related deaths in 2017
- 42,200 of 63,600 drug overdose deaths from opioids in 2016
- Life expectancy 3 years in a row
- Overdose death rate rose 21% in 2016 (19.8 per 100,000)
- 2016 highest overdose rates: West Virginia, Ohio, New Hampshire, DC, & Pennsylvania
- Overdose deaths from synthetic opioids doubled between 2015 and 2016
- Bipartisan Budget Act of 2018 allocates \$3B/year for two years
- Opioid legislation passed Congress in late 2018

Conclusions

- Tax cuts cannot survive given country's demographics
- Need to prepare for retirement of Baby Boom generation
- ACA and Medicaid under assault
- Need to improve and strengthen ACA – can happen at state level
- Lower your healthcare costs and prescription drug prices